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The book has been well printed, but on pages 353-54 and in the index, which is well done, Governor *Cornell* appears as *Carnell*. The photogravure of the author which serves as a frontispiece is a welcome suggestion of the rugged, masterful character self-delineated in the pages that follow.

W. P. TRENT.

Introduzione allo Studio dell' Economia Politica. Di LUIGI COSSA. 3^a edizione, interamente rifatta, della Guida allo Studio dell' Economia Politica. Milano, Hoepli, 1892. —xiv, 594 pp.

The name of Luigi Cossa on the title page of a book is in itself a eulogy. A whole phalanx of young economists recognize him as master. His *Elements of Economics and Finance* has had an exceedingly great and deserved success, as well as the rare honor of translation into nine languages. The present work, which is called the third edition of the *Guide to the Study of Political Economy*, is in reality an entirely new work. In it we notice Cossa's special gifts —great lucidity, precision and sobriety of thought and exposition, judicial impartiality, and above all an erudition that is profound without being either heavy or dry.

As in the preceding editions, the present volume is divided into two parts, theoretical and historical. In the first part the chapter on method is thoroughly revised, and a new chapter is added, on the character of political economy. In this latter the author traces the general lines of scientific classification and the limits of science and art. He refuses to follow the sociologists in considering economics as a physical and biological science, and he regards the analogies between the animal and the social organism as merely apparent. But at the same time he does not approve of the tendency of the recent Austrian school, which considers economics as an appendage of psychology, or mathematical psychics. And without denying the importance of the so-called hedonistic principle, he maintains that the subjective theory of utility and value is by no means the whole of economics, nor the pivot on which everything moves.

As to method, the essence of the question, as put by Cossa, lies in the limits to be assigned to induction and deduction. The great masters of the science, although disagreeing in the theory, have been at one in applying to practical questions the most

suitable method. The classical economists based themselves on the observation of certain fundamental premises, from which they deduced their theory of value and of distribution. These premises, as Cossa observes, are secure enough; but besides the constant causes, there are accidental and variable causes, which necessitate a qualification of the original deductions. We must revert to the inductive method, according to Cossa, not alone to verify the truth of the laws obtained deductively, but also to verify the existence of the disturbing causes, and to ascertain the empirical laws of their variation. In this way the inductive method may sometimes serve in part to discover the laws of certain economic phenomena; but on the other hand the complexity of social phenomena often prevents a direct investigation of causes through observation alone. Recognizing, then, the value and importance of historical research, Cossa declares himself opposed to the exclusively historical method, and to the conception of national economics, as apart from the existence of absolute truth in pure science. He declares that if the historical school has aided science indirectly, and especially by promoting the study of economic history, it has not succeeded in making any useful innovations in the fundamental principles of social economics.

If I were permitted to criticize our illustrious teacher, I should say that however true the last observation may be, his general conclusion as to the historical school seems a little too severe, and that he assigns too little importance to induction. But the present review is designed rather for exposition than for criticism.

The second part of the volume, which the author modestly calls a mere summary of the external history of political economy, is really far more than that. It is a complete history, which surpasses most of the existing works of the kind, and which, because of its sober-mindedness, its erudition and its wealth of bibliographical detail, will be regarded as an authority.

In the first edition the author devoted two chapters to ancient and mediæval times, and then followed with five chapters on the sixteenth, seventeenth and eighteenth centuries, with two special chapters on the mercantile and physiocratic systems. In the present work, the author divides the history more logically into four periods: First, "The Fragmentary Epoch," including the period of the 17th century; second, "The Period of the Empirical Systems and of the Monographs" (to the middle of the eighteenth century); third, "The Period of the Scientific Systems;" and fourth, "The Critical Contemporaneous Period."

It is manifestly impossible to give a *résumé* of a work of this kind, and I therefore limit myself to noting a few parts which seem especially interesting, and which contain something distinct from the preceding editions. Thus in his account of the scholastic theories the author follows from a new point of view the gradual evolution of mediæval ideas, finding in the doctrine of reasonable price the germs of the modern theory of value, and in the canonic prohibition of usury the chief manifestation of the doctrine. While presenting a good survey of the general trend of the movement, the author also gives here and there exceedingly full and precise bibliographical notes. This is the case not only with the scholastic and humanistic writers, but also with a large number of less well known authors of special monographs, who preceded the period of scientific systems.

Under the heading, "The Period of Empirical Systems," Cossa first studies the system which grew out of the attempt to follow the consumers' policy, and to procure the necessary supply of wheat. Of greater importance was the mercantile system. After illustrating the fundamental ideas of mercantilism, Cossa divides its history into three periods: first, that of the prohibition of export of money; second, that of the balance-of-bargain system; and finally the period of the balance of trade. In the subsequent period the mercantile system transformed itself into the protective system, finding in the balance of trade no longer the end but the symptom of economic prosperity, and looking especially to the development of a commerce and industry. The critical comments of the author are often profound, and yet he might, perhaps, have devoted a little more attention to the historical conditions amid which the theories arise, and which give each a partial historical justification.

As a reaction against mercantilism, arose the system of agrarian protection which gave the impulse to the physiocratic movement. The author calls attention to a series of seventeenth century writers who are not very well known, and tries to show their historical importance. But the merit of having created a really scientific system of economics is due of course, to Quesnay and the physiocrats. Cossa shows the importance and the defects of the school. He calls attention to the difference between the economic liberty of the physiocrats and that of modern economists, the lack of all historical insight on the part of the former, their one-sidedness in regarding the interests of the producer exclusively, and their mistake in erecting into a scientific dogma the tenet of *laissez faire*. With the

physiocrats begins the scientific structure elaborated by Adam Smith and his immediate followers, whose work Cossa sketches in broad outline but with a sure hand.

Up to this point we have surveyed scarcely half of the historical part of the work. It would be manifestly impossible to trace the remainder of the history in detail. Cossa sketches the development and present condition of economics, in the various countries of Europe, as well as in America. The wealth of bibliographical notices shows a most remarkable acquaintance with the contemporary economic movement. Chapters like those on the Netherlands, the Scandinavian countries, Finland, Bohemia, Poland and Russia are especially valuable because they are rich in information which it will be impossible to find in any other work. A special chapter on the United States, which is entirely new, contains such an ample account of the leading writers, that few of the American economists themselves would find much to change or add.

It might be regretted that the author did not add to his analysis of the condition of economics in the various countries, a short account of the general characteristics of the science in recent years. But this lack the reader can easily supply for himself after having gone through the pages of this learned work. Its publication marks a real epoch in the science, and it is safe to predict that it will soon be translated into pretty much every civilized language. An English edition will be published shortly by Macmillan.

UGO RABBENO.

Prezzi Ideali e Prezzi Effettivi. By Prof. GIACOMO LUZZATTI.
Milan, Ulrico Hoepli, 1892. — 221 pp.

It was long ago said of the Italians that they have given to the world the best writings that we have on the subject of money. Whether or not this is true to-day, the work before us is a convincing proof that they can still furnish the world with original and valuable thought in this department of economic science. The full title of Professor Luzzatti's work is: *Ideal and Effective Prices, or, Notes of Study upon the Value of Money in the Economy of a People.* There is no division into chapters or sub-headings, but the principal points discussed may be grouped under the following heads: The origin of crises, and their relation to prices and to the money market; the relation of prices to the quantity of metallic money; the nature of discount and interest, and their relation to prices and to the metallic (money) reserve; the value of money in relation to its